

**Motorola Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
(In millions, except per share amount)

	<b>Three Months Ended</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Net sales from products	\$ 1,750	\$ 1,671
Net sales from services	1,098	1,035
Net sales	2,848	2,706
Costs of products sales	724	751
Costs of services sales	669	604
Costs of sales	1,393	1,355
Gross margin	1,455	1,351
Selling, general and administrative expenses	424	381
Research and development expenditures	218	201
Other charges	35	14
Intangibles amortization	40	63
Operating earnings	738	692
Other income (expense):		
Interest expense, net	(52)	(54)
Other, net	21	25
Total other expense	(31)	(29)
Net earnings before income taxes	707	663
Income tax expense	111	73
Net earnings	596	590
Less: Earnings attributable to noncontrolling interests	1	1
Net earnings attributable to Motorola Solutions, Inc.	<u>\$ 595</u>	<u>\$ 589</u>
Earnings per common share:		
Basic	\$ 3.58	\$ 3.52
Diluted	\$ 3.47	\$ 3.43
Weighted average common shares outstanding:		
Basic	166.1	167.4
Diluted	171.5	171.9
	<b>Percentage of Net Sales*</b>	
Net sales from products	61.4 %	61.8 %
Net sales from services	38.6 %	38.2 %
Net sales	100.0 %	100.0 %
Costs of products sales	41.4 %	44.9 %
Costs of services sales	60.9 %	58.4 %
Costs of sales	48.9 %	50.1 %
Gross margin	51.1 %	49.9 %
Selling, general and administrative expenses	14.9 %	14.1 %
Research and development expenditures	7.7 %	7.4 %
Other charges	1.2 %	0.5 %
Intangibles amortization	1.4 %	2.3 %
Operating earnings	25.9 %	25.6 %
Other income (expense):		
Interest expense, net	(1.8)%	(2.0)%
Other, net	0.7 %	0.9 %
Total other expense	(1.1)%	(1.1)%
Net earnings before income taxes	24.8 %	24.5 %
Income tax expense	3.9 %	2.7 %
Net earnings	20.9 %	21.8 %
Less: Earnings attributable to noncontrolling interests	— %	— %
Net earnings attributable to Motorola Solutions, Inc.	<u>20.9 %</u>	<u>21.8 %</u>

\* Percentages may not add up due to rounding

**Motorola Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
(In millions, except per share amounts)

	Years Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Net sales from products	\$ 5,814	\$ 5,368	\$ 4,606
Net sales from services	4,164	3,744	3,565
Net sales	9,978	9,112	8,171
Costs of products sales	2,591	2,595	2,104
Costs of services sales	2,417	2,288	2,027
Costs of sales	5,008	4,883	4,131
Gross margin	4,970	4,229	4,040
Selling, general and administrative expenses	1,561	1,450	1,353
Research and development expenditures	858	779	734
Other charges	80	82	50
Intangibles amortization	177	257	236
Operating earnings	2,294	1,661	1,667
Other income (expense):			
Interest expense, net	(216)	(226)	(208)
Gains on sales of investments and businesses, net	—	3	1
Other, net	68	77	92
Total other expense	(148)	(146)	(115)
Net earnings before income taxes	2,146	1,515	1,552
Income tax expense	432	148	302
Net earnings	1,714	1,367	1,250
Less: Earnings attributable to noncontrolling interests	5	4	5
Net earnings attributable to Motorola Solutions, Inc.	<u>\$ 1,709</u>	<u>\$ 1,363</u>	<u>\$ 1,245</u>
<u>Earnings per common share:</u>			
Basic	\$ 10.23	\$ 8.14	\$ 7.36
Diluted	\$ 9.93	\$ 7.93	\$ 7.17
<u>Weighted average common shares outstanding:</u>			
Basic	167.0	167.5	169.2
Diluted	172.1	171.9	173.6
<b>Percentage of Net Sales*</b>			
Net sales from products	58.3 %	58.9 %	56.4 %
Net sales from services	41.7 %	41.1 %	43.6 %
Net sales	100.0 %	100.0 %	100.0 %
Costs of products sales	44.6 %	48.3 %	45.7 %
Costs of services sales	58.0 %	61.1 %	56.9 %
Costs of sales	50.2 %	53.6 %	50.6 %
Gross margin	49.8 %	46.4 %	49.4 %
Selling, general and administrative expenses	15.6 %	15.9 %	16.6 %
Research and development expenditures	8.6 %	8.5 %	9.0 %
Other charges	0.8 %	0.9 %	0.6 %
Intangibles amortization	1.8 %	2.8 %	2.9 %
Operating earnings	23.0 %	18.2 %	20.4 %
Other income (expense):			
Interest expense, net	(2.2)%	(2.5)%	(2.5)%
Gains on sales of investments and businesses, net	— %	— %	— %
Other, net	0.7 %	0.8 %	1.1 %
Total other expense	(1.5)%	(1.6)%	(1.4)%
Net earnings before income taxes	21.5 %	16.6 %	19.0 %
Income tax expense	4.3 %	1.6 %	3.7 %
Net earnings	17.2 %	15.0 %	15.3 %
Less: Earnings attributable to noncontrolling interests	0.1 %	— %	0.1 %
Net earnings attributable to Motorola Solutions, Inc.	<u>17.1 %</u>	<u>15.0 %</u>	<u>15.2 %</u>

\* Percentages may not add up due to rounding

**Motorola Solutions, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(In millions)

	December 31, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 1,705	\$ 1,325
Accounts receivable, net	1,710	1,518
Contract assets	1,102	974
Inventories, net	827	1,055
Other current assets	357	383
Current assets held for disposition	24	—
Total current assets	<u>5,725</u>	<u>5,255</u>
Property, plant and equipment, net	964	927
Operating lease assets	495	485
Investments	143	147
Deferred income taxes	1,062	1,036
Goodwill	3,401	3,312
Intangible assets, net	1,255	1,342
Other assets	274	310
Non-current assets held for disposition	17	—
<b>Total assets</b>	<b><u>\$ 13,336</u></b>	<b><u>\$ 12,814</u></b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current portion of long-term debt	\$ 1,313	\$ 1
Accounts payable	881	1,062
Contract liabilities	2,037	1,859
Accrued liabilities	1,504	1,638
Current liabilities held for disposition	1	—
Total current liabilities	<u>5,736</u>	<u>4,560</u>
Long-term debt	4,705	6,013
Operating lease liabilities	407	419
Other liabilities	1,741	1,691
Non-current liabilities held for disposition	8	—
Total Motorola Solutions, Inc. stockholders' equity	724	116
Noncontrolling interests	15	15
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 13,336</u></b>	<b><u>\$ 12,814</u></b>

**Motorola Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(In millions)

	Three Months Ended	
	December 31, 2023	December 31, 2022
<b>Operating</b>		
Net earnings	\$ 596	\$ 590
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	85	109
Non-cash other charges	6	4
Exit of video manufacturing operations	24	—
Share-based compensation expenses	52	46
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	(26)	(117)
Inventories	106	118
Other current assets and contract assets	58	37
Accounts payable, accrued liabilities, and contract liabilities	390	634
Other assets and liabilities	(18)	(26)
Deferred income taxes	(28)	(122)
Net cash provided by operating activities	<u>1,245</u>	<u>1,273</u>
<b>Investing</b>		
Acquisitions and investments, net	(168)	(587)
Proceeds from sales of investments	7	8
Capital expenditures	(81)	(73)
Net cash used for investing activities	<u>(242)</u>	<u>(652)</u>
<b>Financing</b>		
Repayment of debt	—	(2)
Issuances of common stock	28	19
Purchases of common stock	(134)	(87)
Payment of dividends	(146)	(132)
Net cash used for financing activities	<u>(252)</u>	<u>(202)</u>
Effect of exchange rate changes on cash and cash equivalents	44	84
Net increase in cash and cash equivalents	795	503
Cash and cash equivalents, beginning of period	910	822
Cash and cash equivalents, end of period	<u>\$ 1,705</u>	<u>\$ 1,325</u>

**Motorola Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(In millions)

	Years Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
<b>Operating</b>			
Net earnings	\$ 1,714	\$ 1,367	\$ 1,250
Adjustments to reconcile Net earnings to Net cash provided by operating activities:			
Depreciation and amortization	356	440	438
Non-cash other charges	14	23	3
Exit of video manufacturing operations	24	—	—
Loss on ESN fixed asset impairment	—	147	—
Share-based compensation expenses	212	172	129
Gains on sales of investments and businesses, net	—	(3)	(1)
Losses from the extinguishment of long-term debt	—	6	18
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:			
Accounts receivable	(180)	(112)	3
Inventories	200	(242)	(284)
Other current assets and contract assets	(82)	(1)	(205)
Accounts payable, accrued liabilities, and contract liabilities	(144)	451	578
Other assets and liabilities	(38)	(91)	(126)
Deferred income taxes	(32)	(334)	34
Net cash provided by operating activities	<u>2,044</u>	<u>1,823</u>	<u>1,837</u>
<b>Investing</b>			
Acquisitions and investments, net	(180)	(1,177)	(521)
Proceeds from sales of investments	19	46	16
Capital expenditures	(253)	(256)	(243)
Proceeds from sales of property, plant and equipment	—	—	6
Net cash used for investing activities	<u>(414)</u>	<u>(1,387)</u>	<u>(742)</u>
<b>Financing</b>			
Net proceeds from issuance of debt	—	595	844
Repayment of debt	(1)	(285)	(353)
Revolving credit facility renewal fees	—	—	(7)
Issuances of common stock	104	156	102
Purchases of common stock	(804)	(836)	(528)
Payment of dividends	(589)	(530)	(482)
Payment of dividends to noncontrolling interest	(5)	(6)	(5)
Net cash used for financing activities	<u>(1,295)</u>	<u>(906)</u>	<u>(429)</u>
Effect of exchange rate changes on cash and cash equivalents	45	(79)	(46)
Net increase (decrease) in cash and cash equivalents	380	(549)	620
Cash and cash equivalents, beginning of period	1,325	1,874	1,254
Cash and cash equivalents, end of period	<u>\$ 1,705</u>	<u>\$ 1,325</u>	<u>\$ 1,874</u>

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow**  
(In millions)

	Three Months Ended		Years Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net cash provided by operating activities	\$ 1,245	\$ 1,273	\$ 2,044	\$ 1,823
Capital expenditures	(81)	(73)	(253)	(256)
Free cash flow	<u>\$ 1,164</u>	<u>\$ 1,200</u>	<u>\$ 1,791</u>	<u>\$ 1,567</u>

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Net Earnings Attributable to MSI to Non-GAAP Net Earnings Attributable to MSI**  
(In millions)

Statement Line	Three Months Ended		Years Ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
Net earnings attributable to MSI	\$ 595	\$ 589	\$ 1,709	\$ 1,363	
Non-GAAP adjustments before income taxes:					
Share-based compensation expenses	Cost of sales, SG&A and R&D	\$ 52	\$ 46	\$ 212	\$ 172
Intangible assets amortization expense	Intangibles amortization	40	63	177	257
Reorganization of business charges	Cost of sales and Other charges (income)	7	5	29	36
Exit of video manufacturing operations	Other charges (income)	24	—	24	—
Investment impairments	Other (income) expense	—	—	16	1
Environmental reserve expense	Other charges (income)	—	—	15	—
Hytera-related legal expenses	SG&A	—	3	13	28
Acquisition-related transaction fees	Other charges (income)	4	7	7	23
Operating lease asset impairments	Other charges (income)	2	8	6	24
Legal settlements	Other charges (Income)	3	—	4	23
Fixed asset impairments	Other charges (income)	—	—	3	12
Loss on ESN fixed asset impairment	Cost of sales	—	—	—	147
Loss from the extinguishment of long-term debt	Other (income) expense	—	—	—	6
Adjustments to uncertain tax positions	Interest income, net	—	(2)	—	(3)
Gain on sales of investments	(Gain) or loss on sales of investments and businesses, net	—	—	—	(3)
Gain on Hytera legal settlement	Other charges (income)	—	(2)	—	(15)
Gain on TETRA Ireland equity method investment	Other (income) expense	—	—	—	(21)
Fair value adjustments to equity investments	Other (income) expense	—	(5)	(13)	30
Total Non-GAAP adjustments before income taxes		\$ 132	\$ 123	\$ 493	\$ 717
Income tax expense on Non-GAAP adjustments		59	94	145	300
Total Non-GAAP adjustments after income taxes		73	29	348	417
Non-GAAP Net earnings attributable to MSI		<u>\$ 668</u>	<u>\$ 618</u>	<u>\$ 2,057</u>	<u>\$ 1,780</u>

**Motorola Solutions, Inc. and Subsidiaries**  
**Calculation of Non-GAAP Tax Rate**  
(In millions)

	Three Months Ended		Years Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net earnings before income taxes	\$ 707	\$ 663	\$ 2,146	\$ 1,515
Total Non-GAAP adjustments before income taxes*	132	123	493	717
Non-GAAP Net earnings before income taxes	839	786	2,639	2,232
Income tax expense	111	73	432	148
Income tax expense on Non-GAAP adjustments**	59	94	145	300
Total Non-GAAP Income tax expense	170	167	577	448
Non-GAAP Tax rate	20.3 %	21.2 %	21.9 %	20.1 %

\*See reconciliation on Non-GAAP-2 table above for detail on Non-GAAP adjustments before income taxes

\*\*Income tax impact of highlighted items

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Earnings Per Share to Non-GAAP Earnings Per Share\***

Statement Line	Three Months Ended		Years Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net earnings attributable to MSI	\$ 3.47	\$ 3.43	\$ 9.93	\$ 7.93
Non-GAAP adjustments before income taxes:				
Share-based compensation expenses	\$ 0.30	\$ 0.27	\$ 1.23	\$ 1.00
Intangible assets amortization expense	0.24	0.36	1.03	1.50
Reorganization of business charges	0.04	0.03	0.17	0.21
Exit of video manufacturing operations	0.14	—	0.14	—
Investment impairments	—	—	0.09	0.01
Environmental reserve expense	—	—	0.09	—
Hytera-related legal expenses	—	0.02	0.08	0.16
Acquisition-related transaction fees	0.02	0.04	0.04	0.13
Operating lease asset impairments	0.01	0.05	0.03	0.14
Legal settlements	0.02	—	0.02	0.14
Fixed asset impairments	—	—	0.02	0.07
Loss on ESN fixed asset impairment	—	—	—	0.86
Loss from the extinguishment of long-term debt	—	—	—	0.03
Adjustments to uncertain tax positions	—	(0.01)	—	(0.02)
Gain on sales of investments	—	—	—	(0.02)
Gain on Hytera legal settlement	—	(0.01)	—	(0.09)
Gain on TETRA Ireland equity method investment	—	—	—	(0.12)
Fair value adjustments to equity investments	—	(0.03)	(0.08)	0.18
Total Non-GAAP adjustments before income taxes	\$ 0.77	\$ 0.72	\$ 2.86	\$ 4.18
Income tax expense on Non-GAAP adjustments	0.34	0.55	0.84	1.75
Total Non-GAAP adjustments after income taxes	0.43	0.17	2.02	2.43
Non-GAAP Net earnings attributable to MSI	<u>\$ 3.90</u>	<u>\$ 3.60</u>	<u>\$ 11.95</u>	<u>\$ 10.36</u>
Diluted Weighted Average Common Shares	171.5	171.9	172.1	171.9
<i>*Indicates Non-GAAP Diluted EPS</i>				



**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliations of Operating Earnings to Non-GAAP Operating Earnings and Operating Margin to Non-GAAP Operating Margin**  
(In millions)

	Three Months Ended					
	December 31, 2023			December 31, 2022		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 1,890	\$ 958	\$ 2,848	\$ 1,810	\$ 896	\$ 2,706
Operating earnings	\$ 492	\$ 246	\$ 738	\$ 454	\$ 238	\$ 692
Above OE non-GAAP adjustments:						
Share-based compensation expenses	38	14	52	34	12	46
Intangible assets amortization expense	9	31	40	15	48	63
Exit of video manufacturing operations	17	7	24	—	—	—
Reorganization of business charges	6	1	7	4	1	5
Acquisition-related transaction fees	2	2	4	1	6	7
Legal settlements	2	1	3	—	—	—
Operating lease asset impairments	1	1	2	5	3	8
Hytera-related legal expenses	—	—	—	3	—	3
Gain on Hytera legal settlement	—	—	—	(2)	—	(2)
Total above-OE non-GAAP adjustments	75	57	132	60	70	130
Operating earnings after non-GAAP adjustments	<b>\$ 567</b>	<b>\$ 303</b>	<b>\$ 870</b>	<b>\$ 514</b>	<b>\$ 308</b>	<b>\$ 822</b>
Operating earnings as a percentage of net sales - GAAP	26.0 %	25.7 %	25.9 %	25.1 %	26.6 %	25.6 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	30.0 %	31.6 %	30.5 %	28.4 %	34.4 %	30.4 %

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliations of Operating Earnings to Non-GAAP Operating Earnings and Operating Margin to Non-GAAP Operating Margin**  
(In millions)

	Years Ended					
	December 31, 2023			December 31, 2022		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 6,242	\$ 3,736	\$ 9,978	\$ 5,728	\$ 3,384	\$ 9,112
Operating earnings ("OE")	\$ 1,244	\$ 1,050	\$ 2,294	\$ 913	\$ 748	\$ 1,661
Above OE non-GAAP adjustments:						
Share-based compensation expenses	154	58	212	126	46	172
Intangible assets amortization expense	41	136	177	60	197	257
Reorganization of business charges	28	1	29	21	15	36
Exit of video manufacturing operations	17	7	24	—	—	—
Environmental reserve expense	10	5	15	—	—	—
Hytera-related legal expenses	13	—	13	28	—	28
Acquisition-related transaction fees	2	5	7	9	14	23
Operating lease asset impairments	4	2	6	18	6	24
Legal settlements	3	1	4	3	20	23
Fixed asset impairments	2	1	3	9	3	12
Loss on ESN fixed asset impairment	—	—	—	—	147	147
Gain on Hytera legal settlement	—	—	—	(15)	—	(15)
Total above-OE non-GAAP adjustments	274	216	490	259	448	707
Operating earnings after non-GAAP adjustments	<b>\$ 1,518</b>	<b>\$ 1,266</b>	<b>\$ 2,784</b>	<b>\$ 1,172</b>	<b>\$ 1,196</b>	<b>\$ 2,368</b>
Operating earnings as a percentage of net sales - GAAP	19.9 %	28.1 %	23.0 %	15.9 %	22.1 %	18.2 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	24.3 %	33.9 %	27.9 %	20.5 %	35.3 %	26.0 %

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Revenue to Non-GAAP Organic Revenue**  
(In millions)

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	
Net sales	\$ 2,848	\$ 2,706	5 %
Non-GAAP adjustments:			
Sales from acquisitions	20	3	
Organic revenue	\$ 2,828	\$ 2,703	5 %

	<b>Years Ended</b>		<b>% Change</b>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	
Net sales	\$ 9,978	\$ 9,112	10 %
Non-GAAP adjustments:			
Sales from acquisitions	107	9	
Organic revenue	\$ 9,871	\$ 9,103	8 %